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ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1949		1950			
		Year	May	February	March	April	May
Industrial production <u>1/</u>							
Total	1935-39=100	176	174	180	187	190	193
All manufactures	do.	183	179	192	194	199	202
Durable goods	do.	201	201	207	211	222	228
Nondurable goods	do.	168	161	180	181	180	181
Minerals	do.	134	145	118	144	140	143
Construction activity <u>1/</u>							
Contracts, total	1935-39=100	368	315	458	479	495	
Contracts, residential	do.	471	390	637	681	730	
Wholesale prices <u>2/</u>							
All commodities	1926 = 100	155	156	153	153	153	156
All commodities except farm and food	do.	147	147	146	146	146	148
Farm Products	do.	166	171	159	159	159	165
Food	do.	161	164	157	156	155	160
Prices received and paid by farmers <u>3/</u>							
Prices received, all products .	1910-14=100	249	253	237	237	241	247
Prices paid, interest, taxes and wage rates	do.	250	253	248	250	251	254
Parity ratio	do.	100	100	96	95	96	97
Consumers' price <u>2/</u> <u>4/</u>							
Total	1935-39=100	169	169	166	167	167	169
Food	do.	202	202	195	196	197	200
Nonfood	do.	151	150	150	151	151	151
Income							
Nonagricultural payments <u>5/</u> ...	Bil. dol.	191.4	191.4	202.7	207.1	201.8	
Income of industrial workers <u>3/</u>	1935-39=100	325	322	316	334	336	
Factory payrolls <u>2/</u>	do.	346	333	351	355	359	
Weekly earnings of factory workers <u>2/</u>							
All manufacturing	Dollars	54.94	54.08	56.37	56.53	56.93	57.50
Durable goods	do.	58.03	57.21	59.47	59.78	61.12	61.44
Nondurable goods	do.	51.46	50.41	53.06	53.08	52.17	52.90
Employment							
Total civilian <u>6/</u>	Millions	58.7	58.7	57.0	57.6	58.7	59.7
Nonagricultural <u>6/</u>	do.	50.7	49.7	50.7	50.9	51.5	51.7
Agricultural <u>6/</u>	do.	8.0	9.0	6.2	6.7	7.2	8.1
Government finance (Federal) <u>7/</u>							
Income, cash operating	Mil. dol.	3,448	2,595	3,595	5,162	1,683	
Outgo, cash operating	do.	3,553	3,709	3,537	4,045	3,344	
Net cash operating income or outgo	do.	- 105	-1,114	+ 58	+1,117	- 1,661	

Annual data for the years 1929-49 appear on page 19 of the March 1950 issue of The Demand and Price Situation.

Sources: 1/ Federal Reserve Board, construction activity converted to 1935-39 base.

2/ U.S. Department of Labor, Bureau of Labor Statistics.

3/ U.S. Department of Agriculture, Bureau of Agricultural Economics, to convert prices received and prices paid interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively.

4/ Consumers' price index for moderate-income families in large cities.

5/ U.S. Department of Commerce revised figures, seasonally adjusted at annual rates.

6/ U.S. Department of Commerce, Bureau of the Census.

7/ U.S. Department of Treasury. Data for 1949 are on average monthly basis.

Commodity Highlights

About average seasonal advances in prices of most meat animals are likely this summer. Prices of cattle are expected to continue above a year earlier through the summer. Prices of hogs, on the other hand, are not likely to rise above last summer's levels. Farmers are likely to receive lower average prices for the 1950 turkey crop than for the 1949 crop. Seasonal declines are in prospect for prices of oats and barley this summer, but prices of these grains will not drop as much as last summer. Unless prospects for the 1950 corn crop turn out to be unusually favorable, corn prices are expected to continue higher this summer and fall than a year earlier. Wheat prices during and following harvest of the 1950 winter wheat crop are not expected to drop as much below the loan as in some past years. Grower prices of most 1950-crop deciduous fruits are likely to be higher in July and August than in the same months of 1949. Prices received for citrus fruits this summer are expected to continue relatively high. Prices received for commercial truck crops sold in the fresh market in early summer are expected to average near those of a year earlier. An active demand for 1950 flue-cured tobacco is in prospect for late July when marketings begin in the Georgia-Florida area.

OUTPUT AND EMPLOYMENT

Early indications point toward a level of industrial activity in June exceeding the previous peacetime high reached in October and November 1948. In May, the Federal Reserve Board's index, seasonally adjusted, was 193 (1935-39=100), falling short of the previous postwar high by only 2 points. The index was 190 in April and 174 in May a year earlier.

The principal factor underlying the 1950 expansion has been the steady rise in production of durable goods. The index of durable goods output rose to 223 in May, compared with 222 in April and the peacetime peak of 231 reached in October and December 1948. In the light of early June operations in the steel, automobile and machinery industries it is likely that the previous record of durable goods output will at least be equalled in that month. Activity in the steel industry in May and early June continued at a record pace with operations running at about 101.5 percent of capacity. Motor vehicle production was also near a peak rate in May, and in early June the industry was producing at the rate of 9.5 million units a year, by far the highest on record.

Nondurable goods output in May established a new high of 181, 1 point above the previous peak. Further expansion in some industries in early June foreshadowed an even higher level of total nondurable goods production in that month. Industries showing advances in May from April levels were: textiles and products, petroleum and coal products, chemicals and rubber. Most other groups maintained output at the high April rates.

The rate of production of minerals in May also was high, increasing to 143 from 140 in April. Greater output of crude petroleum and iron ore than in April was largely responsible for the rise. Coal output was at the April level.

Expenditures on all new construction in May set a new record, surpassing even the seasonal peaks reached in the fall of 1948 and 1949. Total expenditures on new construction advanced more than seasonally from April to May to a total of 1.9 billion dollars, 14 percent above April and 23 percent greater than in May 1949. During the first five months of this year the value of all new construction totaled 8.1 billion dollars, 21 percent above the same period in 1949.

Nearly half of the rise in the total from April was due to the continued expansion in private homebuilding. Expenditures on new private nonfarm residential construction in May were 15 percent above April and 56 percent above May a year ago. From January through May these expenditures totaled 3.4 billion dollars, 51 percent above January-May 1949. New homebuilding was also a record in terms of physical units started. New nonfarm dwelling units started in May reached an all time high of 140,000, 11 percent greater than April and about 50 percent above May 1949. The number of starts from January-May this year was 538,000 units, 52 percent greater than in the first five months of 1949. The record pace of new private homebuilding, larger-than-seasonal advances in expenditures on stores and other types of commercial buildings, and a reversal of the downtrend in industrial building in May increased total private construction expenditures 12 percent over April and 27 percent above May 1949. For the first five months of this year, private construction expenditures were up 22 percent compared with the same period a year ago.

Public construction activity was also at a high rate with expenditures totaling about 531 million dollars, 19 percent above April and 13 percent higher than in May last year. Highway construction, reclamation and flood control activity contributed to the April-May advance. Public expenditures for the first five months of 1950 were 19 percent greater than in the same period in 1949.

Business expenditures on new plant and equipment this year are likely to run higher than expected earlier, according to results of the latest joint survey made by the U. S. Department of Commerce and U. S. Securities and Exchange Commission. Earlier surveys indicated that businessmen expected to spend about 8 percent less on new plant and equipment during the first half of this year than in the same period in 1949. During the second half of this year, they expected to spend 14 percent less than in the same period of 1949; and for the year as a whole, about 11 percent less than in all of 1949. Actual first quarter figures reflected a somewhat larger decline than was anticipated earlier in the year. This was due in large part to the loss in steel output resulting from the coal strike in early 1950. Second quarter estimates of expenditures are somewhat higher than those anticipated earlier, however, and partly reflect the carry-over from programs which were not carried out as a result of first quarter shortages of materials. Despite the increase in expenditures during the second quarter, expenditures during the first half of 1950 were slightly below earlier expectations.

According to the latest survey, however, increases above earlier expectations are anticipated in the latter half of the year. Although the latest survey does not give figures on anticipated expenditures for the

fourth quarter, the annual rate for the third quarter is substantially above the average rate for the entire second half as reported in the earlier surveys. This improvement in expectations for the second half plus actual expenditures during the first half are likely to result in total outlays in 1950 substantially higher than the 16.1 billion dollars anticipated earlier, but still below the 1949 total of 18.1 billion.

The expansion in total civilian employment, which has been underway since February, continued in May. Reflecting a substantial rise in farm employment and a further gain in the number of nonfarm jobs, total employment in May rose to a record for that month of 59.7 million, compared with 58.7 million in April this year and May a year ago. Employment gains in construction and in manufacturing industries accounted for most of the April-May rise in the number of nonfarm jobs. Nonagricultural employment was estimated at 51.7 million persons, 200,000 greater than in April and 1.9 million above May 1949.

The number of unemployed in May dropped to the lowest level since April 1949. About 3.1 million persons were unemployed in May, compared with 3.5 million in April, 3.3 million in May a year ago, and the postwar peak of 4.7 million in February this year. The number of persons who were jobless for relatively long periods of time declined in May for first time in several months. The unemployed in May included about 1.1 million persons who were out of work for 15 weeks or more, compared with 1.2 million in April and .7 million in May 1949.

INCOME AND RELATED FACTORS

The flow of personal income, excluding the National Service Life Insurance refunds to veterans, rose to a seasonally adjusted annual rate of 212.8 billion dollars in April, .7 billion above the comparable March total and 2.6 billion greater than in April last year. A further rise in salary and wage receipts accounted for most of the March-April increase. Dividends and interest payments also rose.

Larger total pay rolls in the transportation equipment, machinery and other metal fabricating industries than in March brought total salary and wage receipts to 136.6 billion dollars, 1.8 billion above March and 2.7 billion greater than in April a year ago. Although the April rate was 1.5 billion dollars lower than the peak rate in October 1948, the purchasing power of total wage and salary income was about 2 1/2 percent greater because of lower prices.

Disbursements of the National Service Life Insurance refunds to veterans were largely completed by the end of May with 2.6 billion of the estimated 2.8 billion dividend pool having been paid out. The rate of payments dropped from the peak of 887 million in March to 345 million in April and 95 million in May. Thus total personal income including these refunds on an annual rate basis dropped from 222.7 billion in March to 216.9 billion in April.

Department store sales in May, after allowance for seasonal variation, were down slightly from April. The Federal Reserve Board's seasonally adjusted index was 291, compared with 292 in April and 291 in May a year earlier. Sales in June were somewhat above those of a year ago with movement of soft goods improving somewhat and sales of household appliances declining slightly. Over-all sales for the year through June 24 were 2 percent below the same period a year ago.

Dollar Sales at all retail Stores in May, after adjustment for seasonal factors, advanced moderately from the high levels of recent months. Total sales, seasonally adjusted, were estimated at 11.2 billion dollars, 1.6 percent above April and 4.5 percent above May a year ago. Increases in sales of stores in the building and hardware and automotive groups accounted for most of the April-May rise. These groups reported increases of 8 percent and 4 percent respectively from April and 18 percent and 17 percent respectively from May a year earlier. Sales of all durable goods stores were up 4 percent from April and 15 percent from May 1949. Changes shown for the nondurable goods groups from April to May were offsetting and resulted in a level of total nondurable goods sales in May about equal to April this year and May a year ago. Food sales in May were up fractionally from April and about 1 percent from May 1949.

Expanding consumer credit continues as an important element supporting the current high level of consumer expenditures. Total consumer credit outstanding at the end of April (the latest month for which figures are available) amounted to 18.6 billion dollars, 325 million above March and 3.0 billion above April a year earlier. New installment credit during April exceeded repayments by about 240 million, raising the total amount outstanding to 11.3 billion dollars, 2.7 billion greater than a year ago. Automobile sale credit was responsible for about half the rise in installment credit, increasing at a more rapid rate than in any other month since October 1949. New car owners borrowed about 123 million dollars more than was repaid on old loans, increasing total automobile debt to 3.5 billion, 1.1 billion above April last year. Noninstallment credit outstanding also rose from March to April largely as a result of a rise in credit on open accounts and an increase in single-payment loans.

COMMODITY PRICES

The pressure of demand on the general wholesale price level continued to increase in May and early June with prices of many commodities advancing further. The BLS index of wholesale prices in May was 155.9 (1926=100), 2 percent above April, fractionally above May a year earlier, and about 3 percent above the low point reached at the end of last year. Prices of all broad groups of commodities averaged higher than in April. May advances in prices of grains, livestock and meat were largely responsible for increases in the average level of prices of farm and food products. Farm product prices at wholesale were up 3.4 percent from April; food prices 3.0 percent. Advances in prices of metals, lumber, and rubber during May reflected the urgent demand originating in the metal fabricating, automotive, and building construction industries. These advances largely contributed to an average increase of 0.8 percent from April in prices of industrial commodities generally.

Table 1.- Group indexes of wholesale prices, week ended June 20, 1950 with comparisons.

Group	(1926=100)			Week ended June 20, 1950	
	Week ended June 20, 1950	Week ended May 23, 1950	Week ended June 21, 1949	Week ended June 20, 1950 percentage change from	
				Week ended May 23, 1950	Week ended June 21, 1949
All commodities	157.1	156.1	153.5	+ 0.6	+ 2.3
Farm products	166.2	165.3	167.3	+ 0.5	- 0.7
Foods	162.5	160.7	159.5	+ 1.1	+ 1.9
All other than farm and food	148.3	147.6	145.4	+ 0.5	+ 2.0
Textile products	135.9	135.6	139.2	+ 0.2	- 2.4
Fuel and lighting materials	133.1	132.8	129.9	+ 0.2	+ 2.5
Metals and products	173.0	171.0	167.0	+ 1.2	+ 3.6
Building materials	201.0	198.5	190.1	+ 1.3	+ 5.7
Chemicals and allied products	113.9	116.2	116.2	- 2.0	- 2.0
Bureau of Labor Statistics					

The upward movement in the all-commodity wholesale price level continued in June. During the week ending June 20, prices of all commodities at wholesale were up an average of 0.6 percent from 4 weeks earlier. Prices of farm products rose 0.5 percent; foods, 1.1 percent. Prices of industrial commodities averaged 0.5 percent higher than two weeks earlier with further advances occurring in prices of metals and products, and building materials.

Wholesale prices during the week ending June 20 were 2.3 percent higher than in the same period a year ago. Prices of farm commodities averaged slightly below a year earlier, while those of foods were 1.9 percent higher. Prices of industrial items generally averaged 2.0 percent above the same period last year with metals and building materials showing the largest increases. Prices of textiles and chemicals, on the other hand, averaged below those of a year ago.

The average of prices received by farmers in mid-June was unchanged from the previous month. The BAE index of prices received by farmers was 247 (1910-14=100) in June, 1 percent below a year earlier. All crop prices averaged 1 percent above mid-May with gains in prices of feed grains, oil-seeds, cotton, fruit, and truck crops more than offsetting declines in food grains and other vegetables. Prices of livestock and products averaged slightly lower than in May as a result of lower average prices received for dairy products. Meat animal prices were unchanged from the previous month, while wool prices averaged higher.

Table 2.- Group indexes of prices received by farmers,
June 15, 1950 with comparisons

(1910-14=100)					
Group	: June 15, 1950 per-				
	: June 15, 1950	: May 15, 1950	: June 15, 1949	: centage change from May 15, 1950	: June 15, 1949
Food grains	: 218	230	213	-5	+2
Feed grains and hay	: 190	190	168	0	+13
Cotton	: 251	246	253	+2	-1
Tobacco	: 388	387	404	<u>1/</u>	-4
Oil-bearing crops	: 254	248	232	+2	+9
Fruit	: 207	195	235	+6	-12
Truck crops	: 182	178	155	+2	+17
Other vegetables	: 186	189	244	-2	-24
All crops	: 225	223	225	+1	0
Meat animals	: 342	342	323	0	+6
Dairy products	: 227	230	233	-1	-3
Poultry and eggs	: 156	154	212	+1	-26
Wool	: 316	302	278	+5	+14
Livestock and products	: 268	269	271	<u>2/</u>	-1
Crops and livestock and products	: 247	247	249	0	-1
:					
1/ Less than one-half percent increase.					
2/ Less than one-half percent decrease.					

Mid-June crop prices averaged the same as those of a year earlier, although price changes for individual groups were mixed. Prices of feed grains and oilseeds and truck crops were substantially higher than in mid-June 1949; those for food grains were moderately higher. Prices of fruit and other vegetables, on the other hand, were substantially below a year ago; those for cotton, fractionally lower. Mixed movements were also shown in prices of livestock and products groups. Although prices of these groups averaged 1 percent less than a year earlier, prices of meat animals and wool were higher. Prices of poultry and eggs were sharply lower than a year earlier; those of dairy products, moderately lower.

Based on crop conditions on June 1, total crop production this year is expected to be well below that of recent years.

The BAE index of prices paid by farmers, including interest, taxes, and wage rates advanced further from mid-May to mid-June. The index was 255 (1910-14=100), 1 point above the previous month and 3 points higher than in June a year ago. Further increases in prices paid for food, livestock and building materials were largely responsible for the May-June rise. The change in prices paid, interest, taxes and wage rates was not sufficient to change the parity ratio (index of prices received divided by prices paid, interest, taxes, and wage rates) which remained at 97 percent.

Average prices paid by urban consumers of moderate incomes rose 0.8 percent from April to May. The BLS index of consumers' prices in May was 168.6 (1935-39=100), compared with 167.3 in April and 169.2 in May a year ago. Higher prices paid for foods, especially meats, accounted for most of the April-May rise, although rents continued to advance fractionally and prices paid for commodities in the miscellaneous group were also up slightly.

FARM INCOME

June Receipts

Farmers' receipts from marketings in June were about 1.8 billion dollars, slightly greater than in May and 10 percent lower than in June of last year. Prices averaged about the same as in May 1950 and in June a year ago. But there was a substantial decline in the volume of marketings from last June.

Receipts from livestock and products were about the same as in May and slightly above a year ago. Receipts from meat animals and poultry and eggs were close to the May level, but dairy receipts were a little larger because of a seasonal increase in marketings. Meat-animal receipts were up moderately from last June, while dairy receipts were down a little and poultry receipts were down substantially.

Crop receipts in June were about 15 percent above May. They were probably almost a third below last June, as total marketings, including loans and deliveries under purchase agreements, were down rather sharply. Wheat receipts increased seasonally, but were down from a year ago because of a smaller crop and smaller deliveries under the purchase-agreement program. Vegetable receipts were also up seasonally because of increased sales of early potatoes and truck crops, and they probably were fully as high as a year ago.

January-June Receipts

Prices for the first half year averaged 6 percent lower than in the corresponding period last year. The volume of marketings was also down a little, and cash receipts from farm marketings, totaling 10.6 billion dollars, were about 8 percent lower. Receipts from livestock and products were around 7.1 billion dollars, and crops 3.5 billion dollars, down 5 and 15 percent respectively.

There were significant declines in many of the important commodities. Poultry and eggs were especially low in the livestock group, showing a drop of about 20 percent for the first 6 months. A large part of the decline was in eggs, but other items in the poultry group were also lower. Cash receipts from meat animals and dairy products in the first 6 months probably were a little below last year because of slightly lower prices. Smaller marketings (including net loans) held receipts from wheat, corn, and cotton well below last year. The decline in receipts from vegetables was due to lower prices and smaller marketings of potatoes and lower prices of truck crops. The decline in receipts from oil-bearing crops was due to lower prices of flaxseed and smaller marketings of soybeans and peanuts.

LIVESTOCK AND MEAT

Prices of most meat animals and meats rose somewhat further in late May and early June. Additional advances -- about average seasonal increases -- seem likely this summer with peaks probably occurring in late summer or early fall. Prices of cattle are now higher than last year and are expected to continue so through the summer. Prices of hogs, currently a little lower than last year, are not likely to top last summer's prices.

Probable exceptions to the general uptrend this summer are sheep and lambs and lower grades of cattle, prices for which are likely to decline seasonally.

Meat production this summer is expected to be about equal to that a year earlier. About as many barrows and gilts as last summer, and a few more sows, are expected to be slaughtered. Marketings of cattle from feedlots may not be as large this summer as last, but are expected to regain their 1949 level later in the summer. More cattle were on feed this past winter and spring than last, but they were scheduled for marketing later in the year.

Meat production during the last two-and one-half years has about kept pace with the population growth. Hence, there has been little change in annual consumption per person. In the first quarter, consumption was about equal to that a year earlier. Second-and third-quarter consumption may also total about the same as in 1949. In the fourth quarter, there may be more beef and more pork than a year earlier, and total meat consumption per person may be somewhat larger.

The increase in beef supplies late this year will come mainly from slaughter of grain-fed cattle, marketings of which may not decline as much late this year as they did in 1949. Extra pork will come from the larger 1950 spring pig crop. The crop of 60 million pigs this spring was 3 percent larger than the 1949 spring crop and a new peace time record. In the last two years, much of the increase in numbers of hogs slaughtered was offset by reduction in weights. But next fall and winter, weights may not be much different from those in the past year. Thus, the increase in pigs will be reflected in an increase in total pork production, and smaller increase in production per person.

Five percent more sows farrowed this spring than last. The increase was less than the 7 percent gain indicated last December. A greater than average seasonal decline in hog prices during the winter, together with rising prices of corn, probably accounts for the smaller increase than had been intended.

Litters were farrowed even earlier this spring than in 1949.

Farmers' reports on June 1 indicated that they intended to have 5 percent more sows farrow fall pigs this year than last. If litter size is in line with those of recent years, the fall pig crop would be

about 39 million, 5 percent more than last year. The increase would be the fourth in succession, and the 1950 fall crop would be 28 percent larger than the 1946 crop of 30.5 million.

DAIRY PRODUCTS

Prices for dairy products are continuing steady at support levels, in contrast to the general trend. Prices of all manufactured dairy products have been essentially unchanged for the past year and now are from 10 to 30 percent under the peak levels of mid-1948.

The average price received by farmers for milk at wholesale in mid-June was \$3.45 per hundredweight compared with \$3.59 a year earlier. The butterfat price, at 59.7 cents was 0.4 cent higher than a year earlier. Feed prices have risen recently and the dairy product feed price ratios are less favorable to farmers than either a year earlier or the 20-year average for the month.

Partly as a result of delays in pasture development, milk production increased less than seasonally during May. In May, for the first time in a year and a half, production was below a year earlier. This contrasts with a gain of 4 percent in the January-April period. On an annual rate basis, production declined from 123 billion pounds in the first 4 months of this year to 118 billions in May. In June, however, milk flow increased to a later-than-usual peak.

For the first five months total fluid consumption appears to have been slightly greater than a year earlier. Retail prices of milk so far in 1950 have averaged 6 percent below a year earlier.

Although production of most manufactured dairy products was smaller than a year earlier during May, the U. S. Department of Agriculture purchased a relatively large volume of butter, cheese, and nonfat dry milk for price support. With expansion in milk flow in June, purchases increased further. During June weekly purchases averaged about 10 million pounds of butter, 7 million pounds of cheese and 15 million of nonfat dry milk. Total purchases of these products in 1950 through June were 95, 56, and 258 million pounds respectively.

On July 1, 1950, the Federal taxes on production and sale of margarine were ended. As a result, many more stores will be selling margarine. This applies particularly to the colored product, since only about 1 store in 10 licensed to sell margarine previously had the more costly license which authorized the sale of the colored variety. Initially after repeal of these taxes, yellow margarine will largely replace white in the 32 States containing about 60 percent of the population, which do not prohibit the sale of colored margarine. However, a reduction in retail price also will tend to bring some additional use of margarine. But there will be no downward price movements for butter or other manufactured dairy products through March 1951, since dairy product purchase prices have been announced by U. S. Department of Agriculture through that period, as part of its price support program.

POULTRY AND EGGS

The seasonal price rise for eggs is likely to be both smaller and later this year than last. Large farm production plus cold-storage stocks will maintain supplies at high levels. Most of the seasonal increase that may occur is likely to result from higher prices for eggs that are of fine table quality. The proportion of high quality eggs produced usually declines during the summer.

In mid-June, the United States average price received by farmers for eggs was 30.1 cents per dozen, 0.5 cent higher than the month before, but 1 percent below the February-May average. In 1949, the June price of 44.1 cents was 4.5 percent higher than the February-May average, while the June average for 1944-48 was 2.3 percent higher than the February-May average.

The average prices received by farmers for chickens in June declined slightly. At 22.1 cents per pound (live), the June price was 0.4 cent per pound lower than a month earlier. By mid-June seasonally increasing marketings of both young and mature farm chickens, and large sales of broilers in the specialized broiler areas, had weakened poultry markets. Poultry supplies probably will remain ample through the remainder of 1950, even if continued high prices for red meats encourage increased consumption of poultry. A seasonal increase in poultry marketings from farms is occurring and broiler chick placements continue large. Turkey production is expected to be large and remaining storage stocks are high.

In late June New York wholesale prices for frozen heavy toms were almost a record for the 1949 crop, while the lighter birds were the highest since Christmas. Nevertheless, prospects are that the 1950 crop will sell at lower prices than the 1949 crop. This year's crop promises to be larger than the near-record crop of 1949. In late June, futures contracts which call for the delivery of 1950-crop birds were more than 10 percent lower than the prices at which corresponding contracts closed a year ago. There is no price support program for 1950-crop birds.

FATS, OILS AND OILSEEDS

The index number of wholesale prices of 26 major fats and oils (butter excluded) in June was about 150 (1935-39=100) compared with 157 in May, 138 in November 1939--the postwar low--and 161 in June 1949. Compared with a year earlier, the June 1950 level of prices was up about 6 percent in the case of food fats, but down about 10 percent for soap fats, and down about 30 percent for drying oils.

Wholesale prices of lard, cottonseed, and soybean oil declined about 1/2 cent in June. Prices of inedible tallow and greases declined about 15 percent from May to June 1950. The price of prime tallow in Chicago in June averaged about 5 cents per pound--the lowest since February 1941. The price of tung oil (tank car lots, New York) averaged 22.5 cents per pound compared with 23.8 a month earlier. Tung oil prices have been declining since January 1950, largely because imports of Chinese tung oil have been increasing from the low level of late 1949.

The price of linseed oil rose moderately in late May and early June (and by the end of the month reached the CCC offering price of 17.7 cents per pound, f.o.b. storage, Minneapolis), reflecting an end-of-season scarcity of commercial supplies of linseed oil. CCC has large inventories of linseed oil.

Factory and warehouse stocks of food fats and oils other than butter on May 1, the latest reported, totaled 764 million pounds-- 36 million pounds more than a month earlier but 108 million pounds less than on May 1, 1949. Production of these fats and oils continued large in April-June. The April output of 512 million pounds was 7 percent larger than a year earlier. Domestic disappearance of food fats and oils other than butter in April-June was considerably smaller than in the preceding quarter, when it was exceptionally large, but was roughly the same as a year earlier. Exports in April, 108 million pounds including oil equivalent of soybeans and peanuts, were at a lower rate than in the three preceding months and only about 44 percent of the record April 1949 high.

CORN AND OTHER FEED

Prices of feed grains advanced from May to early June while prices of a number of byproduct feeds declined. Prices of most feeds in June were higher than a year earlier. The index of prices received by farmers for feed grains was up 15 percent from a year ago, wholesale prices of oilseed meals averaged about 12 percent higher, and wheat millfeeds were slightly higher. However, prices of animal protein feeds were lower, particularly fish meal, which was about 40 percent below the high level of a year earlier. Prices of animal protein feeds, which have been unusually high during much of the past year, now are about in line with prices of other feeds.

Less favorable weather for planting and early growth of feed grains than in either of the past two years has been at least partly responsible for recent strength in feed grain prices. Crop prospects will continue-- an important factor influencing feed grain prices during the next few months. Although some seasonal decline in prices of oats and barley is in prospect this summer, prices of these grains probably will not decline as much as in the summer of 1949. Corn prices have advanced more than seasonally since November and in mid-June were only 4 cents below the national average loan rate of \$1.40 per bushel. Further advances in corn prices will be limited by the fact that farmers hold a considerable quantity of corn under loan, which will be redeemed if prices advance above the loan rate. Unless prospects should turn out to be unusually favorable for the 1950 crop, corn prices are expected to continue higher this summer and fall than in those months of 1949.

Corn planting was retarded this spring by wet fields. Rapid progress was made in late May, however, and most of the corn was planted by June 1. The 1950 oat crop was estimated in early June at 1,380 million bushels and barley crop at 278 million bushels-- both larger than a year earlier. With average weather during the remainder of the season, the total feed grain supply for 1950-51, including the big carry-over, probably will be around

5 to 10 percent smaller than the record supply of a year ago, but about as large as the big supply of 1948-49. A larger part of the carry-over is expected to be under loan or in Government ownership than in either of the past two years. Pastures and forage crops were in poorer condition on June 1 this year than last, but were near average.

Preliminary figures indicate that through May farmers had placed 373 million bushels of 1949 corn under loan and purchase agreements. In 1948-49 farmers placed 554 million bushels of corn under price support. The Department of Agriculture recently announced programs permitting farmers to reseal farm-stored 1948 and 1949 corn, oats, and barley.

WHEAT

Winter wheat prices started to adjust to new crop conditions about mid-May and prices at Kansas City reached a low on June 24. Subsequently prices have advanced. With the total wheat crop only about equal to prospective disappearance, wheat prices are not expected to drop as much below the loan as in some past years. They probably will average about the loan for the 1950-51 marketing year as a whole. Wheat price support at a national average of \$1.99 a bushel to farmers for the 1950 crop was announced on June 30. Last year's rate was \$1.95. Storage allowances on loans will be continued on the same general basis as last year, with the CCC again making farm-storage payments and assuming warehouse storage charges on wheat which may be delivered to CCC under the program.

Total domestic wheat supplies for 1950-51 are now estimated at 1,395 million bushels, consisting of a carry-over July 1, 1950 of about 450 million bushels and a 1950 crop indicated at 945 million bushels. A supply of this size would be 4 percent less than a year earlier. According to the June report, the 1950 crop will be the first to fall below a billion bushels since 1943.

Domestic disappearance from 1950-51 supplies may total about 700 million bushels. The volume of United States wheat exports for the marketing year depends on a number of factors about which little information is now available. Carry-over of wheat in other principal exporting countries is expected to be at relatively low levels at the close of their respective crop years, so that the availability of wheat for export from those areas will depend to an important extent on the 1950 harvest. Furthermore, much will depend upon the extent to which deficit areas for which the United States has, or may assume, supply responsibility are successful in obtaining supplies of wheat from non-dollar sources and rice from surplus-producing countries of the Far East. Also important will be the pricing policy of the United States both within and without the international wheat agreement.

Based on present production prospects in the important deficit areas of Western Europe, and assuming no demands of an extraordinary nature through crop failure or through further restriction of the world trade in

food grains, U. S. wheat exports may amount to only about 250 million bushels. If exports should total 250 million bushels, total disappearance would be about 950 million bushels, or about the same as the indicated crop. Accordingly, the carry-over July 1, 1951 would be about the same as on July 1, 1950, and a further increase in carry-overs, which have been mounting since 1947, would have been checked. The carry-overs in 1932-41 averaged 235 million bushels, and the all-time high reached in 1942 was 631 million bushels.

World developments, however, could be such that the United States supply responsibility might result in exports of more than 250 million bushels. In which case, the carry-over at the end of the 1950-51 marketing year would be reduced below the total now anticipated.

World production prospects for breadgrains (wheat and rye) are favorable in most areas for which reports are available. In western Europe indications are for a 1950 harvest about 5 percent larger than in 1949, resulting from increased acreages and favorable weather. In eastern Europe, weather conditions have also been generally favorable. In French North Africa, conditions are varied, with a favorable outlook in Tunisia and less favorable in Algeria and French Morocco. In Asia, better crops are forecast for Turkey, India and Iran.

In Canada, unfavorable conditions may have reduced spring wheat seedings somewhat below the 26.3 million acres announced in the intentions-to-plant report. Winter wheat acreage remaining for harvest totals 860,000 acres. Conditions continue generally satisfactory in Saskatchewan, although rains are needed over wide areas. In Alberta the crop is holding in fair conditions, but the province as a whole continues very dry. Moisture is ample in Manitoba and the crop outlook is promising. A good increase in acreage is expected in Argentina, where seeding is now actively under way. Some delay in seeding has occurred in Australia because of excessive rains in eastern States and dry weather in western Australia.

FRUIT

Supplies of most 1950-crop deciduous fruits marketed during July and August are expected to be smaller than a year earlier and grower prices probably will be higher.

Total production of deciduous fruits in 1950 is expected to be only a little smaller than the average for 1939-48 and moderately smaller than the large 1949 output. Production is expected to be smaller than last year for most fruits marketed in early summer, especially peaches, sweet cherries, and California plums. On the other hand, production of California apricots is considerably larger than in 1949.

With the peach crop in the 10 southern peach States less than half the small 1949 crop and about one-third of average, grower prices for fresh market peaches in July and August probably will be even higher than in these months of 1949. Prices for sweet cherries on the New York City auction market have been generally higher during May and early June than a year earlier.

Continued relatively high prices seem likely for citrus fruits this summer. Prospective supplies of California Valencia oranges for this summer are about as large as a year ago, those of lemons are moderately larger, and those of grapefruit will be small for the season. With increased facilities in California for manufacturing frozen concentrated citrus juices, demand for California Valencia oranges for processing is expected to be stronger than in the summer of 1949, and to result in average prices to growers about equal to those for the 1948-49 crop.

In Florida where the 1949-50 citrus season is nearing the end, about 18 million boxes of oranges or 30 percent of the crop, had been made into frozen concentrated orange juice by mid-June. Production of frozen orange concentrate amounted to about 21 million gallons (4 to 1 strength), more than twice the quantity made from the Florida crop in 1948-49.

Packers' stocks of six major items of canned non-citrus fruits (apricots, fruit cocktail, peaches, pears, sour cherries, and sweet cherries) were about 25 percent smaller on June 1, 1950 than on that date in 1949. But stocks of pineapple were substantially larger than a year earlier. On June 1, 1950, wholesale distributors' stocks of canned pineapple were about 80 percent larger than stocks a year earlier, while stocks of most other major items were slightly to moderately smaller.

COMMERCIAL TRUCK CROPS

For Fresh Market

The index of prices received by farmers for commercial truck crops sold on the fresh market in early summer is expected to be near the level of a year earlier. Prices received for watermelons and cabbage probably will be lower this year because of heavier production. On the other hand, early summer prices probably will be higher this year than last for celery, tomatoes, and cucumbers because of substantially smaller production. Total production for summer harvest of crops estimated to date is about the same as last year, but about 8 percent more than average. The yields for late summer crops have not been estimated to date, but acreages of cabbage, onions, and watermelons are 5 to 7 percent larger than were harvested last year.

For Processing

In general, prices received by farmers for truck crops grown for commercial processing are expected to average near those received last year. However, two likely exceptions are sweet corn and green peas. The substantial reduction in acreage of sweet corn planted for processing this year compared with last year indicates a reduced demand on the part of processors, and probably lower average prices to growers. Conversely, acreage of green peas planted for freezing is more than one-fourth larger than last year, and acreage for canning is only slightly lower than last year; prices which growers receive for green peas for processing probably will average

at least as high as in 1949. Combined stocks of 5 major canned vegetable items in the hands of canners and wholesale distributors are about as large as a year earlier. Stocks of canned green beans, and of sweet corn, are larger than those of a year earlier, but stocks of canned green peas, tomatoes, tomato juice and tomato products are considerably smaller. Total stocks of frozen vegetables in storage May 1 were much larger than those of a year earlier but stocks of frozen peas were considerably smaller. With continued strong demand expected, these large stocks of frozen vegetables should not prove burdensome.

POTATOES

Prices received by farmers for potatoes are expected to decline seasonally as market supplies become larger from the intermediate and late-crop areas. Early-commercial potatoes have been produced in surplus again this year and substantial price-support purchases are being made by the Government. In July, an estimate of total acreage (and production) will be available, which will show whether or not farmers carried out their March intentions to reduce total acreage of potatoes from last year. If potatoes continue in heavy surplus, prices received by farmers will average a little lower than last year, since the 1950 crop support level is slightly lower than the 1949 crop level.

COTTON

The over-all cotton situation in June improved. Spot prices in mid-June were at the highest level in nearly two years. Contraseasonal increases in the daily rate of mill consumption occurred in both April and May. Total exports through April were nearly 20 percent above the comparable period last year and the highest since prewar. Reported sales of spot cotton in the 10 spot markets in April were the highest on record for that month, and in May were second only to May 1941. Repayments on CCC loans between mid-May and mid-June were at record levels with the result that more than half of 1949 crop cotton placed under loan this season has been redeemed. Substantial quantities of cotton were also purchased from CCC-pooled stocks (1948 crop). Demand for cotton textiles, particularly print, improved in the last part of May. Purchases of several million square yards rapidly exhausted cloth stocks and some mills booked orders with forward delivery dates as far ahead as the first quarter, 1951. Meanwhile cloth prices, after declining for three months, advanced slightly.

Middling 15/16 inch cotton averaged 34.01 cents per pound in the ten designated markets on June 9. This is the first time since July 1948 that spot cotton has reached 34 cents. Between May 9 and June 9, the price advance was 1.54 cents per pound. The average price received for cotton by farmers in June was 29.91 cents per pound, 96 percent of parity, and 251 percent of the 1910-14 average.

Domestic mill consumption in May totaled 729,000 bales, compared with 712,000 in April and 580,000 a year earlier. Exports in April totaled 471,000 bales, slightly less than a year earlier, but higher than for any other April since 1932. Total disappearance of cotton during the 1949-50 season appears reasonably certain to exceed 14 million bales, compared with 12.6 million bales a year earlier and the 1935-39 average of 12.3 million bales.

WOOL

World demand for wool continues strong. At mid-June, prices for most types of apparel wool in foreign markets were generally slightly higher than at mid-May.

Prices for domestic and imported apparel wool at Boston at mid-June were slightly higher than a month earlier. Price advances from mid-May to mid-June for imported shorn wools ranged from 5 to 15 cents per pound, clean basis. Australian 64s/70s good top-making wool was quoted at \$1.78, clean basis in bond, compared with \$1.68 and Australian 58s/60s combing wool was quoted at \$1.53 compared with \$1.38. The general advance in prices of domestic wools which began late in April continued in June. At mid-June graded territory fine combing (staple) wool was quoted at \$1.76, clean basis, compared with \$1.73 a month earlier. Between mid-May and mid-June, prices of low quarter-blood and common and braid fleece wools advanced about 15 cents per pound, clean basis.

The sharp rise in wool prices at Boston during May and June is reflected in the prices received by growers. The average price received by growers for shorn wool in June 1950 was 56.2 cents per pound, grease basis, the highest since December 1918. This compared with 53.8 cents received in May and 50.4 cents in April. The average price received in June 1949 was 49.6 cents. Most of the clip of 1950 spring wool has been sold by producers, much of it under contract for future delivery before shearing. Wool dealers have been particularly active in getting wool under contract this year because of the outlook for higher prices.

Imports for consumption of dutiable wool (apparel) during January-April totaled 137.6 million pounds, actual weight. This was 60.9 million pounds more than the quantity imported during the same period of last year. Imports for consumption of duty-free wools (carpet) amounted to 134.6 million pounds, about 75.5 million pounds greater than in 1949.

Consumption of apparel wool by domestic mills during the first four months of this year totaled 139 million pounds, scoured basis. The average weekly rate of consumption during this period was about 30 percent above the rate for the same period in 1949. The weekly rate during April of 7.8 million pounds, was 6 percent below the rate for March but

55 percent above the rate in April 1949. Domestic mills consumed 68 million pounds, scoured basis, of carpet wool during January-April, 5 million pounds more than in the same period of 1949.

TOBACCO

An active demand for 1950 flue-cured tobacco is in prospect when marketings begin in the Georgia-Florida area in late July. Prices received by growers in this area are likely to average above the 40.3 cents per pound received for type 14 (Georgia-Florida) last season. During the 1950 season for all flue-cured types (11-14) combined, prices are expected to average above the loan level of 45 cents per pound. The 1950 level of price support is 6 percent higher than for last season. This is mostly due to the application of the new formula prescribed by the 1949 Act. Domestic use of flue-cured is expected to continue high in the year ahead. United States cigarette consumption in the fiscal year ending June 30 is estimated at around 355 billion--approximately 3 billion above a year earlier, and a new fiscal year record. Export prospects for flue-cured in the year ahead are favorable. ECA financial assistance to Western European countries, several of which are important foreign outlets for United States tobacco, will continue to be an influencing factor. United States flue-cured exports, July 1949-April 1950, were 10 1/2 percent ahead of those in the same period a year earlier.

Approximately two-thirds of the 1949 Maryland crop had been sold by late June. Auction prices averaged close to 49 cents per pound for the season thus far. The average price received by growers for the 1948 crop was 54.4 cents per pound. The 1949 crop offerings have been generally lower in quality compared with last season. Receipts under Government loan have averaged 8 percent of net sales at auctions.

Smoking and chewing tobacco consumption during January-May this year were indicated to be 2 1/2 percent above that of January-May 1949. Smoking tobacco gained the most. Smoking and chewing tobacco utilized substantial quantities of Burley, although most Burley is used in cigarettes. Dark air-cured tobacco finds its principal outlet in chewing tobacco.

Four percent less snuff, the principal domestic outlet for fire-cured tobacco, was consumed during January-May this year compared with the same period last year. Exports are a relatively important outlet for fire-cured; and during the first third of the year, shipments of Virginia fire-cured were sharply higher; and of Kentucky-Tennessee fire-cured, a little higher than in the comparable period of a year ago.

United States cigar consumption in January-May 1950 was 3 percent less than in the same months of 1949. For the year ending June 30, estimated United States consumption is 5 1/2 billion--about 3 1/2 percent below the preceding year.

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